

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE 2003 INTEGRATED RESOURCE PLAN OF)
EAST KENTUCKY POWER COOPERATIVE) **CASE NO. 2003-00051**

**NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
CABINET DIVISION OF ENERGY'S SECOND REQUEST FOR
INFORMATION TO EAST KENTUCKY POWER COOPERATIVE**

Comes the Natural Resources and Environmental Protection Cabinet, Division of Energy, Intervenor herein, and makes the following Requests for Information to East Kentucky Power Cooperative (EKPC):

13. Follow-up to KDOE Question No. 1d. The response states that EKPC "believes that most, if not all, of the current marketing efforts are very beneficial to the end consumer... We remain firmly committed to the well being of our membership by providing programs that serve the collective good of all."

The Electric Water Heater Retrofit Program provides an incentive to customers who install a high-efficiency electric water heater instead of a gas one. The benefit/cost ratios reported for this program in Appendix II show a Participant Cost ratio of 0.77, a TRC ratio of 0.49, a Utility Cost ratio for the distribution utility of 0.06, a Utility Cost ratio for the power supply utility of 0.00, and a Societal Cost ratio of 0.44. A Participant Cost ratio of less than one means that customers who participate in the program are made economically worse off, a TRC ratio of less than one means that the program causes the average cost of energy services across all customers to increase, a Utility Cost ratio for the distribution utility of less than one means

that the program causes the revenue requirements of the distribution utility to increase, a Utility Cost ratio for the power supply utility of less than one means that the program causes the revenue requirements of the power supply utility to increase, and a Societal Cost ratio of less than one means that the program causes society as a whole to be worse off.

a. How do these reported results square with the intent to serve the end consumer and the collective good of all?

b. In view of these negative benefit/cost results, why is there no discussion in the IRP about the possibility of reevaluating or terminating this program?

14. Follow-up to KDOE Question No. 10. Approximately what percentage of the homes currently being sold in EKPC's service area would meet the standards of a Touchstone Energy Home?

15. Follow-up to KDOE Question No. 11c.

a. Please refer to Page 29 of the IRP, Table 3-6. In view of the fact that the sum of energy sales to large commercial customers and Gallatin Steel comprised over twenty-six percent (26%) of the total retail sales in 2001, why was the size of the market for industrial efficiency judged to be "small?"

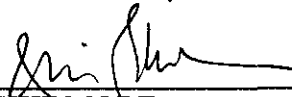
b. In addition to the four criteria listed in the table, why wasn't the size of the potential energy impacts included as a criterion?

16. Follow-up to Attorney General Question No. 17. The response provides estimated capital costs and O&M costs for material handling equipment to cofire fescue with coal at five percent (5%) and ten percent (10%) of the Btu boiler input at the new Gilbert plant.

a. What are the corresponding cost estimates for cofiring sawdust at smaller percentages of the boiler Btu input, for example two percent (2%) and five percent (5%)?

b. What additional equipment, if any, is needed to cofire sawdust at low percentages, for example, at two percent (2%)?

Respectfully submitted,



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CERTIFICATE OF SERVICE

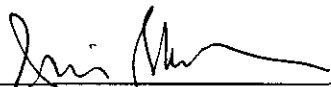
I hereby certify that on the 7th day of July, 2003 a true and accurate copy of the foregoing pleading was mailed, postage pre-paid, to the following:

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